



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 21, 1991

TO: Minerals File

FROM: D. Wayne Hedberg, Permit Supervisor/Hydrologist *DWH*

RE: Suspension of Permit Amendment Review, Heap Leach Pad Facility,
Jumbo Mining Company, Drum Mine, M/027/007, Millard County, Utah

On June 20, 1991, I received a telephone inquiry from Mr. Mark Novak of the State Department of Health, Bureau of Water Pollution Control (BWPC). He requested information regarding our position on who would be responsible for mitigation and clean-up of recent ground-water cyanide contamination detected in samples taken from monitoring wells at the Drum Mine. Mr. Novak asked if our reclamation bonding had provisions to utilize the monies for mitigation of contamination-related problems occurring at the mine site.

Mr. Novak indicated that the BWPC is in the process of preparing a Ground-water Discharge Permit for the Drum Mine. As part of this process they have requested and recently received some ground-water analytical results obtained from samples taken from monitoring wells at the Drum Mine. He indicated that 7 or 8 wells indicate cyanide contamination levels above the federal/state drinking water standards (MCL's). He stated that his department has not yet determined what remediation/mitigation measures might be required of the mine operator, or under what regulations they would take any necessary compliance action.

Mr. Novak agreed to provide the Division with a copy of the analytical results from the monitoring wells. He indicated he would not be able to reproduce the well location map for us. I informed him that I would request a copy of the monitoring well location map from the operator.

I informed Mr. Novak that our reclamation bonding requirements do not include a provision for mitigation of a contamination-related problem/emergency at a mine site. However, if mining activities cause a contamination-related problem, it would need to be addressed/mitigated before the Division would consider the site adequately reclaimed. This would be a condition to the release of any of the

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reclamation surety back to the operator. The reclamation bond for the Drum mine site has been calculated for reclamation of the surface disturbances only.

Pursuant to state mining Statute [UCA 40-8-7(1)(e)], the Board and Division have the authority to require an operator to furnish and maintain reasonable surety to guarantee the performance of reclamation; and to pay legally determined public liability and property damage claims resulting from mining operations. I was not able to locate a promulgated rule which requires the Division or an operator to calculate or include an amount of money as part of the reclamation surety to mitigate the public liability and property damages that may be caused by a mining operation. The rules are also silent on whether a reclamation bond can be used for mitigating a contamination-related problem. The Division's position is that a reclamation surety should not be used for mitigation of mining-related contamination, but we can require an operator to perform the necessary clean-up/mitigation as part of his reclamation responsibility.

There is ongoing litigation between Jumbo Mining Company and Western States Minerals Company, concerning the split reclamation liabilities for portions of the Drum Mine. Both companies have reclamation sureties on file with the Division for reclamation of the mine site (\$264,000 - WSMC, \$165,000 - JMC). The Division will likely hold both sureties until mitigation and reclamation are completed.

I spoke with the Division Director, Dianne R. Nielson about Mr. Novak's inquiry the same day. Because some of the ground-water contamination appears to be located directly beneath the proposed location for the new heap leach pad, she advised me to suspend our current permit amendment review of this facility. She will contact Mr. Don Ostler of the Bureau of Water Pollution Control to discuss what actions or restrictions may be required by that agency before we complete our review. The review will be suspended for 30-days or until this issue is otherwise resolved to the Division's satisfaction. The operator will be formally advised at the earliest possible date, following our understanding of what action(s) will be taken by the Health Department and what impact that may have on this Division's permit amendment review.

dwh/jb

cc: Dianne R. Nielson
Lowell Braxton
Mark Novak
Minerals staff

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